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*efiled 1/10/07

Attorneys for Plaintiff
PRINCIPAL LIFE INSURANCE COMPANY

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA - SAN JOSE DIVISION

PRINCIPAL LIFE INSURANCE
COMPANY

Plaintiff,

v.

THADDEUS S. BALLANTINE; and
ACIES ENGINEERING,

Defendants.

Case No. C-06-02633 JF

**NOTICE OF SETTLEMENT FROM
PLAINTIFF PRINCIPAL LIFE
INSURANCE COMPANY**

TO THE UNITED STATES DISTRICT COURT AND THE HONORABLE JEREMY FOGEL:

Plaintiff Principal Life and Defendant ACIES Engineering Inc., have settled the remainder of this lawsuit concerning the disability buy-out policy which insured Defendant Thaddeus Ballantine. Principal Life has prepared a draft Release and Settlement Agreement which is being considered by the Principal Shareholders at ACIES Engineering. The parties expect all closing documents to be finalized and executed no later than January 30, 2007. The parties respectfully request the Further Status Conference Scheduled for Friday, January 12 at 10:30 am be continued to Friday, February 2, 2007, so the parties can complete all the closing documents, file a Joint Stipulation for Dismissal

1 with Prejudice, and alleviate the need for any further appearance before the Court. Respectfully
2 submitted.

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4 Dated: December 29, 2006

WILSON, ELSER, MOSKOWITZ, EDELMAN
& DICKER LLP

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7 By: 

ADRIENNE C. PUBLICOVER
MICHAEL K. BRISBIN
Attorneys for Plaintiff
PRINCIPAL LIFE INSURANCE COMPANY

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16 The case management conference is continued to 2/2/07 at 10:30 a.m. It is so Ordered.

17 Dated: 1/5/07


Jeremy Fogel, U.S. District Judge

PROOF OF SERVICE

I am a citizen of the United States. I am over the age of eighteen years and am not a party to the within cause. I am employed in the City and County of San Francisco, California and my business address is 525 Market Street, 17th Floor San Francisco, California 94105.

On this date I served the following document(s):

**NOTICE OF SETTLEMENT FROM PLAINTIFF PRINCIPAL LIFE
INSURANCE COMPANY**

on the part(y)(ies) identified below, through their attorneys of record, by placing true copies thereof in sealed envelopes addressed as shown below by the following means of service:

XX: By First Class Mail -- I caused each such envelope, with first class postage thereon fully prepaid, to be deposited in a recognized place of deposit of the U.S. Mail in San Francisco, California, for collection to the office of the addressee following ordinary business practices.

: By Personal Service -- I caused each such envelope to be given to a courier messenger who personally delivered each such envelope to the office of the address.

: By Overnight Courier -- I caused each such envelope to be given to an overnight mail service at San Francisco, California, to be hand delivered to the office of the addressee on the next business day.

: Facsimile -- (Only where permitted. Must consult CCP §1012.5 and California Rules of Court 2001-2011. Also consult FRCP Rule 5(e). Not currently authorized in N.D.CA.)

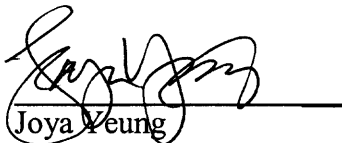
Thaddeus S. Ballantine
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Sunnyvale, CA 94087
Defendant

Thaddeus S. Ballantine
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Defendant

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Attorneys for Defendant
ACIES ENGINEERING, INC.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

EXECUTED December 29 2006 at San Francisco, California.


Joya Yeung